

CHAPTER 6 ACQUIRING FIELD OFFICE AND WAREHOUSE LEASES

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CHAPTER 6

ACQUIRING FIELD OFFICE AND WAREHOUSE LEASES

6.A. GENERAL

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|---|--|
| 6.A.1. Applicability | This chapter describes the acquisition process for field office and warehouse leases. The policy for extensions is discussed in LPM Chapter 8 and expansions in LPM Chapter 9. |
| 6.A.2. Renegotiation | FDIC has the option to remain in the existing leased space and renegotiate the existing Lease with the Landlord unless the Program Office(s) has justified the need for a new location. |
| 6.A.3. Solicitation for New Leased Space | <p>The Leasing Specialist shall solicit for new leased space when:</p> <ul style="list-style-type: none"> • The Leasing Specialist and the existing Landlord have not agreed to all material terms and conditions for a new Lease by 9 months before the need date; • The Documentation of Need justifies relocation; • Financial analysis indicates that remaining in the existing leased space is not the best value for FDIC; • The existing leased space or amenities do not meet the requirements; or • The space needed is a new requirement. |
| 6.A.4. Dispute | When there is a dispute between the Program Office(s) and the Leasing Specialist about whether or not the Program Office(s) should remain in the existing leased space, the Regional Manager, DOA, shall decide, considering all factors including program impact. |
| 6.A.5. Use of Brokers | LPM Section 2.D.9., delineates the use of Brokers for assistance in the leasing process. The Leasing Specialist may elect to use a Broker, as it deems necessary, to the same extent the Broker may be used under LPM Chapters 4. |

6.A.6. Representations and Certifications

When required by FDIC's Fitness and Integrity policy as it has been amended by the LPM, the Leasing Specialist shall obtain completed Representations and Certifications Form(s) or, subject to LPM Section 2.D.21, the abbreviated Fitness and Integrity certification from the Landlord and prospective offerors in the solicitation process.

6.A.7. Official Lease File

The Leasing Specialist shall maintain an official pre-award lease file.

6.B. ROLES AND RESPONSIBILITIES

- | | |
|--|--|
| 6.B.1. Program Office(s) | <p>The Program Office(s) representative(s) shall:</p> <ul style="list-style-type: none"> • Tour the prospective buildings on the scheduled visitation; • Consult with the Leasing Specialist in the selection and evaluation of buildings; • Provide information relevant to the lease negotiation to the Leasing Specialist; and • Concur on the Lease Case before presentation to the Regional Manager, DOA. |
| 6.B.2. Regional Manager, DOA | <p>The Regional Manager, DOA, shall:</p> <ul style="list-style-type: none"> • Be the approving authority for: <ul style="list-style-type: none"> • Extension to the proposal due date, • Consideration of late proposals, and • The Lease Case; • Execute the approved Lease; and • Serve as deciding official if there is a dispute between the Program Office(s) and the Leasing Specialist. |
| 6.B.3. Associate Director, ACSB | <p>The Associate Director, ACSB, shall authorize Fitness and Integrity Policy waivers and the use of the abbreviated Fitness and Integrity certification.</p> |
| 6.B.4. Leasing Specialist | <p>The Leasing Specialist has overall responsibility for:</p> <ul style="list-style-type: none"> • Renegotiating leases with the existing Landlord; • Soliciting for new locations, including preparing the RFP; • Distributing the RFP within FDIC; • Organizing the tour of the prospective buildings; • Conducting the best value evaluation; • Making the selection of the offeror and alternate in consultation with the Program Office(s); • Confirming with the Program Office(s) the selection of the offeror and alternate; • Preparing the Lease Case; |

- Informing the Regional Manager, DOA, of any material changes to the Lease required by the Landlord;
- Negotiating and finalizing the Lease; and
- Providing Labor and Employee Relations Specialist, PSB, with a copy of the executed Lease for review by NTEU.

6.B.5. Chief, Corporate Services Staff

The Chief, Corporate Services Staff, or designee, shall:

- Assign the signed Documentation of Need to the Leasing Specialist;
- Sign the RFP;
- Concur on the Lease Case before presentation to the Regional Manager, DOA;
- Approve the use of space measurement standards other than BOMA;
- Approve negotiated, material changes to the standard lease documents; and
- Tour the prospective buildings on the scheduled visitation.

6.B.6. Facilities Manager, Corporate Services

The Facilities Manager shall:

- Tour the prospective buildings on the scheduled visitation;
- Verify square footage calculations in accordance with BOMA standards during the analysis of proposals;
- Provide construction cost estimates; and
- Oversee the design and construction of all initial tenant improvements.

In the Regional Office, the Facilities Manager may also be the Leasing Specialist.

6.B.7. DIRM

DIRM shall provide cost estimates for planning and installation of computers and telecommunications.

DIRM shall provide DOA with design specifications for planning and installation of cabling.

6.B.8. Warranted Contracting Officer

Upon request, a Warranted Contracting Officer shall engage:

- An Architect-Engineer to design and estimate the cost of

construction of initial tenant improvements;

- Contractors for the construction of initial tenant improvements if not being performed by the Landlord; and
- Environmental consultants to verify building compliance with air and water quality standards.

6.B.9. Legal Division

The Legal Division shall:

- Provide legal advice to all members of the team;
- Draft and revise the standard lease documents;
- Review all leases and issue a written opinion concerning compliance with the LPM and the Lease Case and detailing any material deviations from the LPM and the Lease Case, before the Regional Manager, DOA, or designee, executes the Lease; and
- Assist in negotiation of the Lease.

6.B.10. Labor and Employee Relations Specialist, PSB

The Labor and Employee Relations Specialist, PSB, shall interface with the NTEU including:

- Sending a copy of the RFP for comments and coordinating any comments;
- Arranging for NTEU officials to tour prospective buildings and accompanying them on such tours; and
- Sending a copy of the approved Lease to the NTEU.

6.C. RENEGOTIATION WITH EXISTING LANDLORD

6.C.1. Renegotiation

The Leasing Specialist has the authority to negotiate exclusively with the existing Landlord until 9 months before the need date. The Leasing Specialist may discontinue negotiations at any time with the approval of the Regional Manager, DOA, if it is determined to be in the best interest of FDIC.

6.C.2. Information Requested from Landlord

The Leasing Specialist shall request that the Landlord submit a written proposal by a date certain addressing the following:

- Rental rate based on term(s) requested;
- Monetary concessions (free rent, concessions on initial tenant improvements);
- Charges (maximum markup initial tenant improvement, services);
- Availability of requested square footage;
- Parking availability;
- Ability to:
 - Expand and contract,
 - Terminate early,
 - Extend the term, and
 - Construct proposed initial tenant improvements;
- Response to:
 - Structural and mechanical issues,
 - Facilities management issues, and
 - Environmental issues;
- Detailed comments on standard lease documents; and
- Building plans (using CADD software, if available).

6.C.3. Financial Analysis

The Leasing Specialist shall use the results of the market survey to perform a cost comparison of the Landlord's proposed rental rate (including concessions) to determine if the proposed rate is fair and reasonable. Using this data, the Leasing Specialist shall analyze the cost of relocation vs. remaining in the existing location to determine the best value.

**6.C.4. Unsuccessful
Renegotiation**

At least 9 months before the need date, the Leasing Specialist and the Landlord must agree to all material terms and conditions of the new Lease; if not, the Leasing Specialist shall begin the solicitation process.

When the Leasing Specialist issues the RFP, the Leasing Specialist shall advise the Landlord that to be considered further, it must respond to the RFP.

6.D. SOLICITATION FOR NEW LEASED SPACE

- 6.D.1. Applicability** The Leasing Specialist shall solicit for new leased space when:
- The Leasing Specialist and the existing Landlord have not agreed to all material terms and conditions for a new Lease by 9 months before the need date;
 - The Documentation of Need justifies relocation;
 - Financial analysis indicates that remaining in the existing leased space is not the best value for FDIC;
 - The existing leased space or amenities do not meet the requirements; or
 - The space needed is a new requirement.
- 6.D.2. Solicitation Process** The solicitation process includes the following steps:
- Advertisement of requirements, (optional) (LPM Section 4.D.);
 - Identification of potential offerors, (LPM Section 6.E.);
 - Preparing and distributing the RFP, (LPM Section 6.F.);
 - Pre-proposal conference (optional) (LPM Section 4.G.);
 - Receipt of proposals, (LPM Section 6.G.);
 - Screening proposals, (LPM Section 6.H.);
 - Solicitation of revised proposals, (optional) (LPM Section 4.J.);
 - Evaluation of proposals, (LPM Section 6.I.);
 - Case preparation and approval, (LPM Section 6.J.);
 - Negotiation and lease award, (LPM Section 6.K.);
 - Notification to unsuccessful offerors and debriefings (optional) (LPM Section 4.N.); and
 - Negotiation and award of work letter (LPM Section 6.L).
- 6.D.3. Using the Broker (Optional)** At the option of the Leasing Specialist, a Broker may be used to assist in the solicitation process.
- 6.D.4. Advertisement (Optional)** Advertisement is not required. If the Leasing Specialist believes that the market survey or other information received does not properly reflect the market, the Leasing Specialist shall place an advertisement as described in LPM Section 4.D.

6.E. IDENTIFICATION OF POTENTIAL OFFERORS**6.E.1. List of Potential Offerors**

The Leasing Specialist shall develop an initial list of potential offerors no later than 9 months before the need date. The list should be comprised of:

- Potential offerors that submit an expression of interest in response to the advertisement, (if any);
- Other potential offerors identified through the market survey and other sources; and
- Existing Landlord, if the Program Office(s) has not justified relocation.

6.E.2. Minimum Requirements

The Leasing Specialist shall screen each of the potential offerors on the initial list to verify that:

- It is either the owner of the building, or the exclusive agent representing the owner; and
- The building is within the geographic boundaries, provides class A space, and provides sufficient space, preferably contiguous, to meet the requirement.

The Leasing Specialist shall remove from the list any potential offerors that do not meet the minimum requirements and put a copy of the initial list, with notations regarding removal, in the official pre-award lease file.

The Leasing Specialist shall ensure the list of potential offerors is composed of a broad spectrum of buildings that meet the requirements.

6.F. PREPARING AND DISTRIBUTING THE RFP

- 6.F.1. Preparation** The Leasing Specialist shall prepare the RFP to send to all potential offerors. A sample RFP is shown in LPM Exhibit J, Sample RFP for Field Office and Warehouse Leases.
- 6.F.2. All Inclusive Rate** The RFP shall state that FDIC prefers to pay a gross rate rent, all-inclusive of operating expenses, utilities, and taxes.
- 6.F.3. Information Requested from Potential Offerors** The RFP shall request the following information from potential offerors:

Financial

- Rental rate based on term(s) requested
- Monetary concessions (such as free rent and initial tenant improvements)
- Charges (maximum markup for initial tenant improvements, services)
- Utility charges
- Escalations for operating expenses and taxes

Premises

- Availability of requested square footage
- Space availability date
- Move-in date

Building

- Response to:
 - Structural and mechanical issues
 - Facilities management and environmental issues
- Building plans (using CADD software, if available)
- Proximity to public transportation
- Other amenities

Flexibility

- Ability to:
 - Expand the contract
 - Terminate early
 - Renew

Other

- Construct proposed initial tenant improvements
- Detailed comments on standard lease documents

- Completed Representations and Certifications Form(s) if required by the Fitness and Integrity Policy, as it has been amended by the LPM

6.F.4. Evaluation Criteria

The RFP shall inform potential offerors that FDIC will select leased space which offers the best value using the evaluation criteria shown below:

Financial Criteria

- Competitiveness of rental rate (rent, allowance, and other concessions)
- Design efficiency
- Length of lease term
- Cost of relocation and initial Tenant Improvements
- Date of availability
- Flexibility – particularly as it is related to expansion, contraction, termination and renewal options.

Qualitative Criteria

- Completion of the *FDIC Leasing Representations and Certifications Form* to the satisfaction of FDIC, per the instructions attached thereto and compliance with the Fitness and Integrity Policy as it has been amended by the LPM
- Location, including proximity to public transportation and other amenities and any impacts on employees
- Classification of building in the local market
- Degree of compliance of building and premises with ADA and other applicable federal, state, and local codes, laws, and regulations
- Structural and mechanical fitness of the building (degree of modernization, floor load capacity, etc.)
- Degree of acceptance of the FDIC Standard Form Office Lease

- 6.F.5. Review and Signature** The Chief, Corporate Services Staff, or designee shall sign the RFP provided the designee is not the preparer.
- 6.F.6. Distribution** The Leasing Specialist shall distribute the RFP to all potential offerors at least 2 weeks before the proposal due date.
- The Leasing Specialist shall distribute copies of the RFP to:
- Facilities Manager;
 - Program(s) Office; and
 - Legal Division.
- 6.F.7. Review by NTEU** The Leasing Specialist shall forward a copy of the approved RFP to the Labor and Employee Relations Specialists, PSB, who shall forward the copy to the NTEU for review.
- All comments received from NTEU shall be coordinated by the Labor and Employee Relations Specialist, PSB, and then forwarded to the Leasing Specialist.
- 6.F.8. Pre-Proposal Conference (Optional)** The Leasing Specialist may choose to hold a conference with potential offerors before the proposal due date to provide clarification on matters of interest. Procedures for conducting the conference are outlined in LPM Section 4.G.
- 6.F.9. Filing** Copies of the RFP, the Building Elimination Matrix, and all questions and answers shall be placed in the official pre-award lease file.
- All comments received from the NTEU, through the Labor and Employee Relations Specialist, PSB, shall be placed in the official pre-award lease file.

6.G. RECEIPT OF PROPOSALS**6.G.1. General Practice**

The Leasing Specialist shall:

- Accept proposals in accordance with the terms of the RFP;
- Ensure that each proposal is date stamped upon receipt;
- Prepare and maintain a list of the proposals received in the official lease file; and
- Forward building plans to the Facilities Manager.

6.G.2. Extension to the Proposal Due Date

With the approval of the Chief, Corporate Services Staff, the Leasing Specialist may extend the proposal due date. The Leasing Specialist shall notify all RFP recipients of the extension.

6.G.3. Safeguarding Proposals

The Leasing Specialist shall retain all proposals in a secured location after receipt, during evaluation, and throughout the leasing process.

6.G.4. Late Proposals

Proposals received from offerors after the proposal due date, or any extension thereof are considered late. When a proposal is late, the Leasing Specialist shall inform the offeror that its proposal was received late and FDIC may, but is under no obligation to, consider the proposal.

The Leasing Specialist, with approval from the Chief, Corporate Services Staff, may consider late proposals, if it is in the best interest of FDIC. The Leasing Specialist shall document all exceptions and maintain records of the exception in the official lease file.

6.G.5. Cancellation

The Leasing Specialist shall send notice of cancellation in writing to all RFP recipients if it is necessary to cancel the RFP.

6.H. SCREENING PROPOSALS

- 6.H.1. Scope** Screening proposals is the process of assessing each offeror's capability to meet the requirements at a fair and reasonable price.
- 6.H.2. Short List** The Leasing Specialist shall review each proposal to determine which buildings have a reasonable chance of being selected. These buildings will make up the Short List. This review shall be based upon:
- Requirements stated in the RFP;
 - Ability to meet the need date;
 - Sufficient contiguous square footage available;
 - Price per square foot competitiveness in the market; and
 - Net effective rent within the competitive range.
- The Leasing Specialist may, but shall not be required to, contact any offeror for clarification and/or additional information. All requests and responses shall be made in writing.
- 6.H.3. Tour of Facilities** The Leasing Specialist, the Program Office(s), the Broker, and the Facilities Manager shall tour each of the buildings on the short list. All persons touring prospective buildings must be accompanied by the Leasing Specialist.
- 6.H.4. Building Tour By NTEU** The list of buildings shall be sent to the Labor and Employee Relations Specialist, PSB, who will coordinate any building tours requested by the NTEU. The Leasing Specialist and the Labor and Employee Relations Specialist, PSB shall accompany the NTEU on any such tours.
- 6.H.5. Construction Determination** During the tour of the buildings, the Facilities Manager shall assess construction requirements for each building to meet design specifications. The Facilities Manager shall prepare a cost estimate for initial tenant improvements.
- The Leasing Specialist shall use the cost estimate prepared by the Facilities Manager as part of the financial analysis of proposals.
- 6.H.6. Revised Proposals (Optional)** The Leasing Specialist shall determine whether or not to solicit a revised proposal to all offerors on the Short List.
- A revised proposal is optional; however, reasons a Leasing

Specialist may solicit for a revised proposal include:

- A number of highly qualified offerors;
- A significant number of questions related to the RFP; and
- To promote further price competition and obtain a better value.

Procedures for solicitation of revised proposals are addressed in LPM Section 4.J.

6.I. EVALUATION OF PROPOSALS

6.I.1. Best Value

The Leasing Specialist shall review each proposal to identify the Lease that offers the best value.

6.I.2. Financial Analysis

The Leasing Specialist shall complete all financial analyses both on a net present value and a nominal basis.

The financial analysis shall include but not be limited to the following items:

- Rental rate per square foot;
- Number of square feet based on building specific requirements;
- Efficiency of the building in rentable vs. actual useable square feet;
- Any free rent or lease assumption offered;
- Estimated increases in operating expenses and real estate taxes over the base year amount, if applicable;
- Estimated direct utility costs;
- Any cash concessions, incentives, and non-cash concessions, such as construction labor, engineering, materials, etc.;
- Cost of termination, construction, renewals;
- Estimated cost of:
 - Architectural fees,
 - Initial tenant improvements,
 - Relocation costs provided by ACSB,
 - Cabling and telecommunication provided by DIRM, and
 - Parking, if any, paid by FDIC.

The format for the financial analysis is given in LPM Exhibit G, Sample Format for Financial Analysis.

6.I.3. Qualitative Criteria

Best value involves using business judgment to make a decision based on the evaluation criteria stated in the RFP. Financial analysis results are significant, but not the sole determining factor, in a best value decision. All evaluation criteria shall be considered.

Qualitative criteria shall include but not be limited to the

following:

- Completion of the FDIC Leasing Representations and Certifications Form or the abbreviated Fitness and Integrity certification to the satisfaction of the FDIC, per instructions attached thereto and compliance with the Fitness and Integrity Policy as it has been amended by the LPM;
- Impact on employees, including proximity to public transportation, proximity to parking facilities, proximity to eating establishments, and safety of area, during work hours and after hours;
- Classification of building in the local market;
- Degree of compliance of building and premises with ADA and other applicable federal, state, and local codes, laws, and regulations;
- Structural and mechanical fitness of the building (degree of modernization, floor load capacity, etc.); and
- Degree of acceptance of the FDIC Standard Form Office Lease.

The offer that provides the best value shall be that offer which, as a whole, serves the best interest of FDIC. All best value decisions shall demonstrate logical consistency and provide sound bases for documentation.

6.I.4. Negotiation with Individual Offerors

The Leasing Specialist may negotiate on an individual basis with any offeror that meets the minimum requirements.

6.I.5. Best Value Matrix

The Leasing Specialist shall document the results of the financial analysis and other evaluation criteria in the Best Value Matrix shown in LPM Exhibit H, Format for the Best Value Matrix.

6.I.6. Selected Offeror

The Leasing Specialist shall select the offeror that offers the best value to FDIC.

The Leasing Specialist may select an alternate that offers the next best value to be considered if negotiations with the selected offeror fail.

6.I.7. Negotiation of

The Leasing Specialist shall negotiate the financial terms of the Lease with the selected offeror and alternate, before the

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Financial Terms

Lease Case is presented.

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6.J. CASE PREPARATION AND APPROVAL

- 6.J.1. Applicability** The purpose of the Lease Case is to request expenditure authority for all costs related to a particular Lease. Case preparation and approval applies to all lease acquisitions.
- 6.J.2. Regional Manager, DOA** The Regional Manager, DOA, shall approve all field office and warehouse lease acquisitions.
- 6.J.3. Preparation of Lease Case** The Leasing Specialist shall prepare the Lease Case.
- 6.J.4. Timing** The Lease Case shall be submitted with sufficient time to make a decision and pursue other options, if desired. The LPM recommends submission at least 6 months before the need date.
- 6.J.5. Content of Lease Case** The Lease Case consist of the following, as applicable:
- Documentation of Need;
 - Background information;
 - Description of real estate market and results of the market survey;
 - Name and address of selected offeror (and alternate, if applicable);
 - Lease negotiation summary;
 - Financial analysis of proposals;
 - Best Value Matrix;
 - Best value substantiation of selected offeror and alternate;
 - Legal issues; and
 - Documentation of any deviations from policy.
- 6.J.6. Approvals** The Leasing Specialist shall submit the Lease Case for concurrence and approval in the following order:
- | | |
|-----------------------------------|---------|
| Leasing Specialist | Signs |
| Program Office | Concurs |
| Chief, Corporate Services | Concurs |
| CFO (if term longer than 5 years) | Concurs |
- After obtaining the required concurrences, the Leasing Specialist shall present the Lease Case to the Regional

Manager, DOA, for approval.

6.J.7. Disposition

The Regional Manager, DOA, shall approve the Lease Case before execution of the Lease.

6.J.8. Review by NTEU

The Labor and Employee Relations Specialist, PSB, shall distribute the RFP to the NTEU and shall coordinate any comments from them. Such comments shall be forwarded to the Leasing Specialist.

6.K. NEGOTIATION AND LEASE AWARD

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| 6.K.1. Standard Lease Documents | Leases shall be based on the standard lease documents to the maximum extent possible (see I.E.6, Standard Lease Documents). |
| 6.K.2. Negotiation of Lease Document | <p>After Lease Case approval, the Leasing Specialist shall complete negotiations of the Lease. The Leasing Specialist is encouraged to include the Legal Division in negotiations. The Leasing Specialist shall be responsible for negotiations of the business terms and conditions.</p> <p>The Legal Division is responsible for drafting and incorporating any changes to the standard lease documents. The Legal Division shall explain the consequences of any changes to the standard lease documents to the Leasing Specialist.</p> |
| 6.K.3. Legal Opinion and Review | Upon conclusion of the negotiations, the Legal Division shall prepare a written opinion to the Regional Manager, DOA, or designee, regarding material deviations from the LPM and existence of any legal impediments. |
| 6.K.4. Signature by Landlord | The Leasing Specialist shall send 4 copies of the Lease to the Landlord for signature. The Landlord shall sign and date all 4 copies and return them to the Leasing Specialist. Unless the Leasing Specialist has a strong reason to do so, the Regional Manager, DOA, shall not sign the Lease before the Landlord. |
| 6.K.5. Review of Returned Lease | The Leasing Specialist and the Legal Division shall review the Lease to identify any changes made by the Landlord. |
| 6.K.6. Execution Package | <p>Before the Regional Manager, DOA, signs and dates the Lease, the Leasing Specialist shall prepare the execution package consisting of:</p> <ul style="list-style-type: none"> • 4 copies of the Lease signed and dated by the Landlord; • Legal opinion; • Landlord representation and certification forms as applicable; and • Approved Lease Case. |
| 6.K.7. FDIC Signature | The Leasing Specialist shall present the execution package to the Regional Manager, DOA, for signature. |

The Regional Manager, DOA, shall sign and date the Lease.

6.K.8. Distribution of Signed Lease Documents

The Leasing Specialist shall distribute the signed leases to:

- Official Lease File (1);
- Legal Division (1); and
- Landlord (2).

6.K.9. Review by NTEU

The Leasing Specialist shall provide a copy of the executed Lease to the Labor and Employee Relations Specialist, PSB, who shall forward the copy to the NTEU.

6.K.10. Notification to Unsuccessful Offerors and Debriefings (Optional)

If applicable, the Leasing Specialist shall follow the procedures for notification to unsuccessful offerors and conduct debriefings as described in LPM Section 4.N.

6.L. NEGOTIATION AND AWARD OF WORK LETTER**6.L.1. Initial Tenant Improvements**

FDIC prefers to engage the Landlord to construct initial tenant improvements. The Leasing Specialist may use another contractor, engaged through a Warranted Contracting Officer, under certain circumstances, including:

- The Landlord is unable or unwilling to construct the improvements; or
- The Facilities Manager has specific design or construction requirements that are best met through other contractor resources.

6.L.2. Turnkey Construction

The LPM provisions on pricing for initial tenant improvements do not apply where the Landlord is constructing initial tenant improvements and the cost is included in the rent (i.e., turnkey).

6.L.3. Pricing for Initial Tenant Improvements

The Leasing Specialist shall ensure that the Landlord has sufficient information to provide a fixed-price cost proposal which encompasses the total cost for initial tenant improvements including all subcontracting costs to the Landlord for the initial tenant improvements, if other than a turnkey Lease. The Leasing Specialist shall request a detailed cost proposal from the Landlord including:

- Fixed price; and
- Unit prices for change orders.

6.L.4. Cost Estimate

If the cost of initial tenant improvements is estimated to be \$100,000 or greater, the Leasing Specialist shall obtain an independent cost estimate using a contractor engaged through a Warranted Contracting Officer. The independent cost estimator shall visit the building and prepare the estimate using information provided by the Landlord.

If the cost of initial tenant improvements is estimated to be less than \$100,000, a cost estimate is required. However, the cost estimate may be prepared in-house or, at the Leasing Specialist's option, by a cost estimator through a Warranted Contracting Officer.

An in-house cost estimate may be obtained using the Means Standard Pricing Guide for the geographic region, other regional pricing guides, industry standards, the Facilities

Design Guide, or comparison with other similar initial tenant improvements.

6.L.5. Cost Comparison

For initial tenant improvements estimated at \$100,000 or greater, the Leasing Specialist shall compare the proposal from the Landlord with the independent cost estimate. If there is a significant variation in the fixed-price or on an individual line item, the Leasing Specialist shall obtain clarification from the Landlord or the independent cost estimator.

6.L.6. Price Reasonableness

For initial tenant improvements less than \$100,000 the Leasing Specialist shall review the Landlord's cost estimate to determine the reasonableness of the price quoted.

If the Leasing Specialist feels the prices are not fair and reasonable, negotiations shall be conducted with the Landlord.

6.L.7. Use of Independent Contractor

If agreement on constructing initial tenant improvements is not reached with the Landlord within a reasonable time, the Leasing Specialist shall request the Facilities Manager to obtain an independent contractor to construct the initial tenant improvements.

6.L.8. Payment

The Facilities Manager shall process all PAVs for payment of initial tenant improvements.

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